News Release

SPIRENT COMMUNICATIONS PLC
FULL YEAR RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

London, UK – 25 February 2016: Spirent Communications plc ("Spirent", the "Company" or the "Group") (LSE: SPT), a leading communications technology company, today announces its full year results for the financial year ended 31 December 2015.

Results summary

$ million	**2015**	2014
Reported		
Revenue	**477.1**	457.2
Adjusted operating profit[1]	**42.1**	46.0
Operating profit	**10.1**	23.7
Profit before tax	**9.6**	24.1
Adjusted basic earnings per share[2] (cents)	**5.00**	5.82
Total dividend per share[3] (cents)	**3.89**	3.89
Book to bill	**101**	103
Free cash flow[4]	**35.3**	10.7
Closing cash	**102.0**	99.8

Notes
1 Adjusted operating profit is before charging exceptional items, acquisition related costs, acquired intangible asset amortisation and impairment, goodwill impairment and share-based payment, amounting to $32.0 million in total (2014: $22.3 million).
2 Adjusted basic earnings per share is based on adjusted earnings as set out in note 7 of Notes to the full year consolidated financial statements.
3 Dividends are determined in US dollars and paid in sterling at the exchange rate prevailing when the dividend is proposed. The final dividend proposed for 2015 of 2.21 cents per Ordinary Share is equivalent to 1.59 pence per Ordinary Share.
4 Operating cash flow after tax, net interest and net capital expenditure.

Operational highlights

- Networks & Applications gained momentum through the year, increasing revenue by 9 per cent, with notably strong demand for high speed Ethernet.
- Wireless & Service Experience revenue decreased by 6 per cent with growth in Positioning and Service Experience offset by softness in Wireless.
- Service Assurance revenues increased by 16 per cent reflecting the full year benefit from 2014 acquisitions.
- Regionally, revenue in the Americas and APAC was strong, with EMEA somewhat weaker.

Spirent Communications plc
Northwood Park, Gatwick Road, Crawley, West Sussex RH10 9XN, United Kingdom
Tel +44 (0)1293 767676 | Fax +44 (0)1293 767677 | www.spirent.com
Registered in England Number 470893 | Registered at the above office

- 23 new products and solutions were launched across all divisions, including first to market 2.5G, 5G and 50G-based Ethernet switch testing solutions.

Outlook

The global markets for devices and carrier acceptance systems are continuing to see radical technological changes as customer requirements evolve. As previously indicated, the impact of these market changes in wireless device test are expected to ripple into 2016, resulting in a projected lowering of revenue in the region of $14.0 million in this part of our business. This, combined with the final phase of the major contract for hand-held test tools of $16.0 million being delivered in 2015, equates to an anticipated revenue headwind equivalent to 6 per cent of 2015 revenues. All other business areas are expected to grow to offset this effect. Gross margins remain robust and we will continue to manage overhead costs. The seasonality we saw last year is likely again to be a factor, but the Board’s expectations for 2016 are unchanged.

We remain confident in our strategy delivering a sustainable and growing business.

Eric Hutchinson, Chief Executive Officer, commented:

“The markets Spirent serves are going through a period of rapid change and unpredictability. We are responding to the changing demands both in terms of technologies and in adapting to the new priorities for test, measurement and validation requirements by existing customers and new customers. This is being done through targeted product development and marketing initiatives while managing our cost base to protect profitability. We are confident that we are set on the right course and are making real progress in a number of key areas.”

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Enquiries

Eric Hutchinson, Chief Executive Officer	Spirent Communications plc	+44 (0)1293 767676
Rachel Whiting, Chief Financial Officer		
James Melville Ross/Emma Appleton	FTI Consulting	+44 (0)20 3727 1000

The Company will host a results presentation today at 9.15am for 9.30am UK time at UBS Limited, 7th Floor, 1 Finsbury Avenue, London EC2M 2PP. A simultaneous webcast of the presentation will be available in the Investors section of the Spirent Communications plc website http://corporate.spirent.com/.

Cautionary statement regarding forward-looking statements

This document may contain forward-looking statements which are made in good faith and are based on current expectations or beliefs, as well as assumptions about future events. You can sometimes, but not always, identify these statements by the use of a date in the future or such words as "will", "anticipate", "estimate", "expect", "project", "intend", "plan", "should", "may", "assume" and other similar words. By their nature, forward-looking statements are inherently predictive and speculative and involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. You should not place undue reliance on these forward-looking statements, which are not a guarantee of future performance and are subject to factors that could cause our actual results to differ materially from those expressed or implied by these statements. The Company undertakes no obligation to update any forward-looking statements contained in this document, whether as a result of new information, future events or otherwise.

FULL YEAR RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015
CHIEF EXECUTIVE OFFICER'S REVIEW

2015 saw further structural changes in the test and measurement industry driven by shifts in technological developments, such as the move from lab-based testing to live deployments; heightened emphasis on virtual products and cloud infrastructure; the maturity of the market for smartphones in developed regions; and continued consolidation of major customers. The relentless growth in data volumes continues, requiring higher speed Ethernet deployments to provide enhanced capacity and resilience against a background of an increasing cyber security threat.

Financial highlights

Group revenue grew by 4 per cent in 2015 to $477.1 million (2014: $457.2 million), whilst the order intake for the Group was 3 per cent higher at $482.0 million (2014: $469.4 million) with a book to bill ratio of 101 (2014: 103).

Revenue growth was strong in Networks & Applications, up 9 per cent, and in Service Assurance, up 16 per cent. Wireless & Service Experience revenue decreased by 6 per cent, as it was impacted by the change in demand for smartphone development and validation testing. Regionally the Americas and APAC were strong, with EMEA somewhat weaker.

The year started slowly with first half revenues down $2.3 million compared to 2014. Momentum improved during the second half with revenue growing $22.2 million, up 9 per cent over the same period last year. This was even more exaggerated at the level of adjusted operating profit: first half profit decreasing by $14.6 million to $6.0 million, but the strong revenue growth combined with expense constraint in the second half year delivered a $10.7 million increase in profit to $36.1 million, up 42 per cent over the second half of 2014. This resulted in full year adjusted operating profit of $42.1 million.

In 2015 the increased level of product development was maintained at $118.3 million (2014: $115.4 million), with a marked increase in sales and marketing activities at $127.2 million (2014: $113.5 million). Spirent delivered 23 new product solutions to market in the year, created a new platform for big data analytics, delivered leading 100G Ethernet and SDN protocol test solutions, and significantly enhanced its cyber security capabilities. The expansion in sales and marketing delivered growth in major accounts and resulted in the addition of 498 new customers in the year.

Return on sales was 9 per cent for the year, a reduction against the 10 per cent recorded for 2014, reflecting the significant increase in sales and marketing efforts to create new market opportunities for the longer term.

Basic earnings per share for the Group decreased in 2015 to 2.18 cents per share (2014: 3.35 cents). Adjusted basic earnings per share was 5.00 cents (2014: 5.82 cents).

Free cash flow generation was strong at $35.3 million in 2015 (2014: $10.7 million), a cash conversion ratio of 2.7 times reported earnings (2014: 0.5 times). The Company has no debt and cash balances were $102.0 million at 31 December 2015 (2014: $99.8 million).

The final dividend recommended is 2.21 cents per share, unchanged from 2014. The total dividend for 2015 is also unchanged at 3.89 cents per share.

Strategy

The second year of implementing our strategy to invest for long term growth has delivered a record range of new products, solutions and services to address the radically changing requirements for verification, assurance and security of data communications. Investments have been made in customer service and support, product development, marketing and in acquiring new technologies. The aim is to enhance Spirent's competitive differentiation, to expand the solutions set to gain market share and to win new customers. A long term objective is to expand revenues through software subscription, services and royalties in addition to our core business providing capital equipment as part of the sale of test systems.

Customers come to Spirent when they have a need to test a network, device or service they supply, either prior to or during deployment and we develop a wide range of innovative solutions to make that happen. We remain committed to our strategy and as explained below have made progress in all areas of our strategic priorities during 2015. Those priorities are to:

- expand the markets we serve;
- establish and maintain technology leadership;
- deepen our customer relationships;
- acquire new capabilities and technologies;
- invest in our people; and
- maintain financial strength and flexibility.

Strategic development and growth initiatives

Spirent is recognised as an expert in test methodologies and the provision of new efficient and effective solutions for live, virtual and high speed, high density network deployment utilising a wide range of access technologies. As experts we work closely with industry thought leaders, standard setting bodies and researchers. This sets the priorities for investment in the business to adapt and change in order for it to remain competitive and sustainable.

There continue to be a number of themes which are driving change in our industry and where we see opportunities for Spirent to build revenue streams that are sustainable with long term growth potential. The following major themes remain the key objectives for our strategic development throughout 2016.

1) High speed Ethernet

Order intake grew 10 per cent year-on-year in 2015. Spirent offers leading test solutions for 100G and 400G Ethernet and is well positioned for the continued exponential growth in network bandwidth. The latest innovation to increase capacity in data centers is through the development of high speed Ethernet variants based on 25G, which will stimulate growth in our core business operations. Spirent was first to launch 2.5G and 5G based Ethernet switch testing solutions and in the fourth quarter of 2015 was first to market with a 50G test solution. In addition, we added Wi-Fi test capability to Spirent TestCenter; and updated and enhanced the user interface to support software as a service (“SaaS”) and web based applications.

2) Cloud and virtualisation

This represented 2 per cent of our business in 2015 and is an area expected to grow rapidly. We have developed and launched new solutions for testing cloud infrastructures and virtualisation. Proof of concept trials are in progress at major service providers, web services companies and e-commerce providers. The trials address the needs for telecom operators to test, measure and validate the migration of network functions and services to run in a cloud infrastructure. This is an important part of our strategy to expand our served customer base. These offerings include a SaaS solution, running multiple application methodologies, such as Cloud Stress.

3) Mobility infrastructure

Order intake grew 31 per cent in 2015. We have accelerated development to continue to grow in the lab test market for mobile core, Wi-Fi, IMS, Diameter and virtualisation. There are a large number of proof-of-concept trials in progress and we have secured new contract wins across the world with major service providers. Landslide EDGE has been developed to facilitate cell site turn-up and deliver remote and end-to-end validation in live networks. We have also added a key partnership for network visibility making a $5 million investment to take a 28 per cent stake in Jolata. The increasing trend for data usage driven by video requirements is being satisfied with a new acceleration module to offer a massive increase in data test performance. Channels to market have been expanded, as has the technical capacity to support many more customer engagements.

4) Cyber security

This represented 6 per cent of our business in 2015, and is expected to grow rapidly. More and more breaches are reported on a daily basis with increasing levels of damage impacting commercial, government and infrastructure networks and services. Aspects of security and safety concerns for connected vehicles are demanding new security test processes to which Spirent is actively responding.

Security consulting has been added to provide threat detection services to test, measure and manage security risks, initially prioritising networks, wireless, applications, Internet of Things and automotive. We are utilising our expertise to supplement research efforts for the addition of new malware threat and fuzzing capabilities to our solutions. It is planned to enhance marketing initiatives to help expand our served markets to include enterprise customers in the financial services, healthcare and hospitality industries.

Vulnerability of the signals emanating from satellite navigation constellations is of increasing concern in critical safety, infrastructure and commercial systems. Further resources are being applied to offer test systems, including a cyber threat intelligence library, to allow customers to deliver robust position, navigation and timing metrics to their applications and infrastructure networks.

5) Analytics

Big data analytics and virtualisation are changing the landscape of service provision and assurance. Advances here have opened up the possibility not only to find errors rapidly but also to predict them so that issues can be averted. In addition, virtualisation enables test probes to be cost effectively inserted at any point in the network. Spirent's leadership position in the service assurance market, along with our field proven analytics platform, presents a unique opportunity in the analytics market. In 2015 we developed and launched our first virtual probe and won a first contract with our new high performance analytics solution, InTouch CNA. This is a more versatile, easier to use and cost effective implementation of our powerful Customer Experience Management software system to address the rapid growth in the next-generation service assurance market. The objective is to expand our served customer base in carriers worldwide and to give additional competitive advantage to the deployment of Spirent technologies in live networks.

6) Adjacent markets (long term growth initiatives):

Internet of things

Our Internet of Things ("IoT") initiatives combine capabilities across the Spirent portfolio as well as the specific development of new capabilities. As billions of devices become connected, mobile network operators and service providers face major challenges to manage service provision and quality levels. Spirent has products and services to enable and accelerate the development, launch and operations of devices, network management and optimisation. We plan to supply embedded software, test and assurance tools and systems to enable the development of the IoT. The initial offerings, to be announced from early 2016, will be software as a client, connectivity and analytical tools.

Automotive

Our strategy to enter the test market for automotive data networks is to utilise Spirent's expertise in Ethernet testing to focus initially on the development and deployment of Ethernet for in vehicle system communications. We will also continue to serve automotive needs through positioning technologies and tools to test emergency call requirements.

OPERATIONAL REVIEW

Networks & Applications – 51% of Group revenue

Networks & Applications develops innovative solutions for functional, performance and security testing of next-generation networks and applications that simulate real-world conditions in the lab, ensuring commercial launch success.

$ million	**2015**	2014	Change (%)
Revenue	**241.9**	221.5	9
Operating profit	**15.8**	5.3	198
Operating profit before exceptional items	**18.4**	7.6	142
Return on sales before exceptional items (%)	**7.6**	3.4	

2015 saw service providers worldwide investing in their networks to meet performance demands associated with the cloud services supporting today's 'always connected' devices. The Internet Protocol ("IP") network industry's transition to Software-Defined Networking ("SDN") and Network Functions Virtualization ("NFV") also continued apace. These efforts drove demand for our 100G Ethernet test solutions and brought new revenue opportunities associated with growing commercial deployment of Voice over LTE ("VoLTE") and Internet of Things ("IoT") applications using wireless connections. In 2015 we also supported successful tests for vendors and mobile operators of the virtual evolved packet cores ("vEPC") being deployed to handle increasing machine-to-machine ("M2M") connections from connected cars and other IoT devices. Demand for our security testing solutions also increased markedly, where our Avalanche product saw a major software release.

Taking advantage of these favourable dynamics, Networks & Applications revenue was up 9 per cent to $241.9 million (2014: $221.5 million), with a rise in order intake of 10 per cent to $249.8 million from $227.5 million in 2014. The order book increased $7.9 million and resulted in a book to bill ratio of 103 (2014: 103). Geographically, the Americas and APAC performed strongly, more than offsetting weakness in EMEA. Gross margin improved to 69.2 per cent (2014: 68.3 per cent) due to the increased sales volume and a positive product mix. Operating profit before exceptional items increased significantly to $18.4 million (2014: $7.6m) notwithstanding increased investment in product development of $1.0 million and in sales and marketing of $4.4 million. Exceptional severance costs of $2.6 million were charged in 2015 (2014: $2.3 million).

Looking ahead, Spirent will continue to invest in Ethernet test solutions, where higher Wi-Fi speeds, expanding cloud markets and developments in the automotive industry are demanding new and improving connectivity standards. Early evidence of our success with this investment came with a major award for the industry's first interoperability demonstration at a public forum of two vendors' 400G Ethernet implementations, in conjunction with Huawei.

Wireless & Service Experience – 35% of Group revenue

Wireless & Service Experience develops innovative test systems for functional and performance testing of 4G Long Term Evolution ("LTE") mobile devices, services, connected devices and satellite positioning devices, and for the measurement of the user experience of services on live networks.

$ million	**2015**	2014	Change (%)
Revenue	**168.7**	178.6	(6)
Operating profit	**6.1**	23.1	(74)
Operating profit before exceptional items	**15.5**	24.0	(35)
Return on sales before exceptional items (%)	**9.2**	13.4	

The wireless test market continued to be challenged in 2015 as consolidation of top-tier global smartphone, chipset and network equipment vendors continued, resulting in a fiercely competitive market. This impact was partly offset by new demand for Spirent's Positioning solutions due to increasing threats to vulnerable Global Navigation Satellite System ("GNSS") systems, and new opportunities presented by the challenges of wireless IoT connectivity. However, these were not enough to prevent a reduction in revenue for the year as a whole.

Wireless & Service Experience revenue was down 6 per cent at $168.7 million (2014: $178.6 million), as a result of the market challenges described above, including a major customer in Asia failing to repeat the high levels of spending we saw in 2014. Gross margin was lower at 67.5 per cent (2014: 68.0 per cent) due to product and services mix and the lower sales volume. Operating profit before exceptional items was also lower at $15.5 million, compared with $24.0 million in 2014, as a result of the lower sales volume and reduction in gross margin. Exceptional costs associated with cost reduction actions of $9.4 million were charged in 2015 (2014: $0.9 million). The cost reduction actions were primarily focused on improving profitability in response to changes in the wireless device test and carrier acceptance market. The most significant action taken was to outsource engineering services in Wireless & Service Experience to provide a more cost effective and flexible resource for the future. Book to bill ratio grew to 103 (2014: 102).

We continue to develop innovative solutions that help customers accelerate time to market, reduce test time for new services and applications like VoLTE and voice over Wi-Fi, and ensure the highest service quality and user experiences. We invested in our wireless test platform, expanded our carrier acceptance and conformance test portfolio with two new solutions, and launched our next-generation fader product line. We also expanded our leading user experience solutions by opening a new Fit4Launch Lab in Beijing.

Despite tough conditions in Wireless overall, the business did benefit significantly from intense competition in Asian markets amongst wireless chipset vendors, especially in the Greater China region, and Positioning revenue benefitted from US Government procurement of our high-end tailored solutions.

Service Assurance – 14% of Group revenue

Service Assurance develops distributed systems that enable service providers to turn-up new services; diagnose, troubleshoot and reduce time to resolve issues with production networks and services; and continuously monitor their production network performance and user experience through end-to-end visibility and real-time analytics.

$ million	**2015**	2014	Change (%)
Revenue	**66.5**	57.1	16
Operating profit	**13.4**	20.5	(35)
Operating profit before exceptional items	**14.0**	20.7	(32)
Return on sales before exceptional items (%)	**21.1**	36.3	

Service Assurance operates in a market where network operators are constantly deploying new services such as LTE and VoLTE, with one eye fixed on 5G on the horizon. Although exciting, these opportunities are set against a challenging backdrop, while service providers exercise caution in spending as they decide how best to optimise their networks during the transition to virtualisation. This transition is accompanied by increasing network complexity, leading Spirent to focus on addressing three clearly defined market segments: service assurance, customer experience management and device management and intelligence. In each of these segments, Spirent has invested in solutions that allow customers to quickly characterise network performance and user experience, and identify and resolve user experience problems through end-to-end visibility and real-time analytics. This allows Spirent to drive value through reducing customers' opex and capex costs, radically reducing the time taken to install new services, provision new subscribers and troubleshoot problems.

In 2015, Service Assurance revenue increased by $9.4 million to $66.5 million from $57.1 million in 2014. This was primarily driven by the first full year contribution from our 2014 acquisitions, adding $6.9 million of revenue in 2015 compared to the post acquisition period in 2014. Our core Service Assurance business benefited from the fulfilment of the final phase of the major contract for hand-held test tools of $16.0 million. Gross margin was down slightly at 75.8 per cent (2014: 76.2 per cent) due to a different product mix, and operating profit before exceptional items was $14.0 million compared with $20.7 million in 2014. This was due to investments made into our 2014 acquisitions and the core business to expand our served markets where in 2015 we developed and launched both our first virtual probe and also a new high performance analytics solution, InTouch CNA. Exceptional costs of $0.6 million and $0.2 million were charged in 2015 and 2014, respectively.

Looking forward, we will continue to broaden the connectivity and visibility of our systems, and develop new solutions that capitalise on the benefits that virtualisation enables. To do this, we will focus on enhancing our field portable test tools (the Tech-X Flex solution) to complement our distributed system solutions, reducing the need to dispatch technicians, and improving customer satisfaction and retention while reducing the cost and complexity of operating and managing the network. We will continue to develop our TestCenter Live virtual probe for assuring 100G Ethernet services, and utilise our newly developed "InTouch" Customer and Networks Analytics solution designed for telecom operators, enabling them to analyse the quality of their customers' experience and identify network improvements they may require. We will further develop our capability to assure Wi-Fi services through the acquisition of Epitiro, and enhance our solutions that help enable IoT devices and applications to connect to the network seamlessly.

FINANCIAL REVIEW

Group financial performance

The following table shows summary financial performance for the Group:

$ million	**2015**	2014
Order intake	**482.0**	469.4
Revenue	**477.1**	457.2
Gross profit	**331.8**	316.3
Gross margin (%)	**69.5**	69.2
Total operating costs[1]	**289.7**	270.3
Adjusted operating profit[1]	**42.1**	46.0
Reported operating profit	**10.1**	23.7
Return on sales[1] (%)	**8.8**	10.1
Adjusted basis earnings per share[2] (cents)	**5.00**	5.82
Free cash flow[3]	**35.3**	10.7

Notes
1 Before exceptional items, acquisition related costs, acquired intangible asset amortisation and impairment, goodwill impairment and share-based payment, amounting to $32.0 million in total (2014: $22.3 million).
2 Adjusted basic earnings per share is based on adjusted earnings as set out in note 7 of Notes to the full year consolidated financial statements.
3 Operating cash flow after tax, net interest and net capital expenditure.

Revenue

The book to bill ratio for 2015 was 101 (2014: 103).

$ million	**2015**	**%**	2014	%
Revenue by segment				
Networks & Applications	**241.9**	**51**	221.5	48
Wireless & Service Experience	**168.7**	**35**	178.6	39
Service Assurance	**66.5**	**14**	57.1	13
Total revenue	**477.1**	**100**	457.2	100
Revenue by geography				
Americas	**268.1**	**56**	245.0	54
Asia Pacific	**148.2**	**31**	142.5	31
Europe, Middle East and Africa	**60.8**	**13**	69.7	15
Total revenue	**477.1**	**100**	457.2	100

Growth in Group revenue of 4 per cent was driven by Networks & Applications, up 9 per cent and by Service Assurance, up 16 per cent. Networks & Applications gained momentum through the year, with notably strong demand for high speed Ethernet. Service Assurance revenue increased reflecting the full year benefit from the 2014 acquisitions. Wireless &

Service Experience revenue declined by 6 per cent where weakness in wireless device test revenue more than offset growth in revenue from our Positioning products driven by US government spend.

Geographically, the Americas are our largest market accounting for 56 per cent of Group. Revenue grew by 9 per cent in this region due to increased demand in Networks & Applications and US government orders in Positioning more than offsetting weakness in wireless device test. Asia Pacific was unchanged as a percentage of Group revenue but in dollar terms increased by 4 per cent compared to 2014. Highlights in the Asia Pacific region were China, where we experienced 16 per cent growth, driven predominantly by Wireless & Service Experience, and also India due to Networks & Applications, which together more than offset a reduction in spending by some of our major customers in Korea and Japan. EMEA represents 13 per cent of Group revenue, down from 15 per cent, as we continued to experience weakness in this region.

Gross margin

$ million	**2015**	**%**	2014	%
Gross margin				
Networks & Applications	**167.5**	**69.2**	151.3	68.3
Wireless & Service Experience	**113.9**	**67.5**	121.5	68.0
Service Assurance	**50.4**	**75.8**	43.5	76.2
	331.8	**69.5**	316.3	69.2

Gross margin increased to 69.5 per cent (2014: 69.2 per cent) buoyed by the performance of Networks & Applications where gross margin was up 0.9 percentage points. In Wireless & Service Experience and Service Assurance gross margin was down slightly due to volume and product mix.

Operating costs

$ million	**2015**	2014
Product development	**118.3**	115.4
Sales and distribution	**127.2**	113.5
Administration	**44.2**	41.4
Total operating costs	**289.7**	270.3
Networks & Applications	**149.1**	143.7
Wireless & Service Experience	**98.4**	97.5
Service Assurance	**36.4**	22.8
Corporate	**5.8**	6.3
Total operating costs	**289.7**	270.3

The investment in product development was maintained in Networks & Applications at $60.7 million (2014: $59.7 million). In Wireless & Service Experience, we reduced product development spend in response to the challenges in the wireless device test market and in Service Assurance, we developed and launched both our first virtual probe and also a new high performance analytics solution, InTouch CNA. Within other expenses, selling and distribution costs increased to $127.2 million (2014: $113.5 million). Some of this can be attributed to the full year effect of the 2014 acquisitions but we also made additional investments in sales and marketing, specifically, to support new product releases and expand our customer base. The expansion in sales and marketing delivered growth in major accounts and resulted in the addition of 498 new customers in the year.

Also within other expenses, administration costs were $44.2 million in 2015 compared with $41.4 million in 2014 before charging exceptional items, acquired intangible asset amortisation and impairment, goodwill impairment, acquisition related costs and share-based payment amounting to $32.0 million in total (2014: $22.3 million). Total statutory reported administration costs were $76.2 million compared with $63.7 million after charging these items.

It is planned to maintain the overall underlying rate of investment in product development and in sales and marketing in 2016.

Operating profit

$ million	2015	Return on sales[1] (%)	2014	Return on sales[1] (%)
Networks & Applications	**18.4**	**7.6**	7.6	3.4
Wireless & Service Experience	**15.5**	**9.2**	24.0	13.4
Service Assurance	**14.0**	**21.1**	20.7	36.3
Corporate	**(5.8)**		(6.3)	
Adjusted operating profit[1]	**42.1**	**8.8**	46.0	10.1
Exceptional items	**(12.5)**		(4.1)	
Acquisition related costs	**(0.1)**		(3.8)	
Acquired intangible asset amortisation and impairment	**(14.8)**		(13.7)	
Goodwill impairment	**(3.8)**		-	
Share-based payment	**(0.8)**		(0.7)	
Reported operating profit	**10.1**		23.7	

Note
1 Before exceptional items, acquisition related costs, acquired intangible asset amortisation and impairment, goodwill impairment and share-based payment amounting to $32.0 million in total (2014: $22.3 million).

Reported operating profit was $10.1 million compared with $23.7 million in 2014. Adjusted operating profit, before charging the items set out in the above table, which is the measure of profit the Group used to evaluate performance, decreased by 8 per cent to $42.1 million compared with $46.0 million in 2014, primarily as a result of the planned increase in sales and marketing referred to above

Return on sales, based on adjusted operating profit was 8.8 per cent (2014: 10.1 per cent).

Exceptional items and goodwill impairment

As a result of the changes in the wireless device test and carrier acceptance market, which we expect to impact revenue in 2016, targeted cost reduction actions were taken in the fourth quarter. The most significant action taken was to outsource engineering services in Wireless & Service Experience to provide a more cost effective and flexible resource for the future. The full cost of these actions of $13.1 million, net of the release of $0.6 million of the 2014 exceptional restructuring provision, has been taken as an exceptional item of $12.5 million and we expect them to deliver annualised cost savings in the order of $25.0 million from 2016, which are being utilised to invest in growth areas.

Also in 2015 a goodwill impairment charge of $3.8 million was incurred in respect of the Device Intelligence business as a result of a change in our expectations for market expansion with tier-2 mobile network operators.

Corporate costs

Corporate costs are those expenses which cannot be attributed to the Group's operating segments and comprise the costs of the Board and other corporate activities.

Currency impact

The effect of fluctuating exchange rates is relatively minimal as the Group's revenue and profits are primarily denominated in US dollars or US dollar-linked currencies.

Share of results of associated companies

During the year, Spirent acquired 28 per cent of the share capital of Jolata, Inc. (see below). The 2015 consolidated financial statements include the Group's share of the total comprehensive income and equity movements of Jolata from the date of acquisition. Spirent's share of post-acquisition results of Jolata amounted to a loss of $0.4 million (2014: nil).

Tax

Taxable profits for the Group arise principally in the United States. The tax charge for the Group in 2015 was a credit of $3.9 million (2014: $3.5 million charge), representing a current year effective tax rate of 25.0 per cent (2014: 22.0 per cent) of pre-tax profit, excluding a prior year tax credit of $6.3 million (2014: $1.8 million). At 31 December 2015 deferred tax assets amounting to $25.6 million (31 December 2014: $20.5 million) have been recognised on the balance sheet. At 31 December 2015 there are unrecognised deferred tax assets amounting to a tax value of $22.0 million (31 December 2014: $17.1 million).

For 2016 it is expected that the effective tax rate will continue to be in the region of 25 per cent.

Earnings per share

Adjusted basic earnings per share was 5.00 cents compared with 5.82 cents for 2014. There were 610.5 million (2014: 611.2 million) weighted average shares in issue. Basic earnings per share was 2.18 cents compared with 3.35 cents for 2014. See note 7 to Notes to the full year consolidated financial statements on page 31 for the calculation of earnings per share.

Acquisitions and investment in associate

On 7 October 2015 Spirent made a $5.0 million investment to take a 28 per cent stake in Jolata, Inc., a pre-revenue company based in San Jose, California, which aims to develop a market leadership position in network visibility for latency management. Jolata will be equity accounted and reflected as an investment in associate in Spirent's financial statements.

On 16 November 2015 Spirent acquired Epitiro Group Limited ("Epitiro") for an initial cash consideration of $1.7 million. Deferred consideration of up to $0.3 million is payable within one year of the acquisition, $0.1 million of which was paid in January 2016, based on the achievement of certain orders targets and product development milestones. Epitiro, based in Cardiff, is a pioneer and leader in the rapidly growing Wi-Fi experience monitoring market and the acquisition builds on the success of an existing strategic partnership. This acquisition is reported within Service Assurance.

Acquisition expenses of $0.1 million, which have been expensed, were incurred in relation to the acquisition of Epitiro (2014: $3.8 million in total).

Financing and cash flow

The Group is cash generative, and this gives Spirent the financial flexibility to invest in organic growth, pursue strategic acquisitions and pay sustainable dividends to shareholders.

Cash and cash equivalents were $102.0 million at 31 December 2015 compared with $99.8 million at 31 December 2014. There is no debt.

Cash generated from operating activities was higher in 2015 at $57.8 million (2014: $48.9 million) as we benefited from the unwind of the working capital increase we experienced in the fourth quarter of 2014. This resulted in a net decrease in working capital of $2.1 million for the full year (2014: increase of $6.7 million). Free cash flow conversion represented 2.7 times (2014: 0.5 times) reported earnings.

Free cash flow is set out below:

$ million	2015	2014
Cash flow from operations	**57.8**	48.9
Tax received/(paid)	**2.6**	(7.2)
Cash inflow from operating activities	**60.4**	41.7
Interest received	**0.4**	0.6
Net capital expenditure	**(25.5)**	(31.6)
Free cash flow	**35.3**	10.7

Cash generated from operations includes a cash outflow of $1.8 million for the implementation of the exceptional cost reduction actions taken in 2015. The total cash cost of these actions is $8.8 million with the balance to be paid in 2016.

Net capital expenditure was $6.1 million lower than in 2014 which included the move to new improved leasehold facilities in the United States on the expiry of the previous lease terms. For 2016 capital expenditure is expected to be in the region of $20 million.

In 2015 the final dividend for 2014 and an interim dividend for 2015 totalling $23.5 million (2014: $22.2 million) were paid. There were no share repurchases during 2015 (2014: $16.4 million outflow). Cash consideration for acquisitions and investment in associate amounted to $6.7 million (2014: $85.9 million).

Defined benefit pension plans

The Group operates two funded defined benefit pension plans in the United Kingdom, both of which were closed to new entrants some time ago.

The accounting valuation of these plans at the end of 2015 showed a net deficit of $19.1 million compared with a net deficit of $13.7 million at 31 December 2014. The higher deficit was principally due to a decline in the fair value of plan assets as a result of market conditions. The accounting valuation is based on the full year results of the actuarial valuation dated 1 April 2015 which will be finalised in 2016.

The Group has also reported a liability of $0.7 million (31 December 2014: $0.8 million) in respect of United Kingdom unfunded plan liabilities.

Capital structure

Spirent's policy on capital structure is to maintain a strong balance sheet to support operational flexibility and to fund investment for long term growth.

No share buybacks were transacted in 2015 and no further buybacks are planned. In 2014 the Company repurchased 9.7 million shares at a cost of $15.6 million. All shares repurchased in 2014 were cancelled.

Dividend

The Board is recommending the payment of a final dividend for 2015 of 2.21 cents (1.59 pence) per share which, together with the interim dividend of 1.68 cents (1.08 pence) per share paid in September 2015, brings the full year dividend to 3.89 cents (2.67 pence) per share. The dividend is covered 1.3 times by adjusted earnings. This maintains the full year dividend for 2015 at the same level as for 2014 at 3.89 cents per share.

Subject to approval by shareholders at the Annual General Meeting on 5 May 2016, the final dividend will be paid on 6 May 2016 to shareholders on the register at 4 March 2016. Payment to ADR holders will be made on 16 May 2016.

Change to operating segments

With effect from 1 January 2016 the following changes have been made to the operating segments:

- The Service Experience line of business will be combined with the core Service Assurance business and reclassified from Wireless & Service Experience to Service Assurance. Following this change the operating segments will be named as follows:
  - The Wireless & Service Experience operating segment with be renamed Wireless & Positioning.
  - The enlarged Service Assurance operating segment will continue to be named Service Assurance.
- The Testing Technologies line of business, acquired in February 2014, will be combined with the Networks & Applications business and reclassified from Wireless & Service Experience to Networks & Applications.

A document showing restated comparative information is available to view and download at http://corporate.spirent.com/.

About Spirent Communications plc

Spirent Communications plc is a global leader in test and measurement inspiring innovation within development labs, communication networks and IT organisations. We enable today's communication ecosystem as well as tomorrow's emerging enterprises to deploy life enriching communications networks, devices, services and applications. Further information about Spirent Communications plc can be found at http://corporate.spirent.com/ .

Spirent Communications plc Ordinary Shares are traded on the London Stock Exchange (ticker: SPT). The Company operates a Level 1 American Depositary Receipt ("ADR") programme with each ADR representing four Spirent Communications plc Ordinary Shares. The ADRs trade in the US over-the-counter ("OTC") market under the symbol SPMYY and the CUSIP number is 84856M209. Spirent ADRs are quoted on the Pink OTC Markets electronic quotation service which can be found at http://www.otcmarkets.com/marketplaces/otc-pink.

Consolidated income statement

$ million	Notes	Year to 31 December 2015	2014
Continuing operations			
Revenue	3,4	**477.1**	457.2
Cost of sales		**(145.3)**	(140.9)
Gross profit		**331.8**	316.3
Product development	3	**(118.3)**	(115.4)
Selling and distribution		**(127.2)**	(113.5)
Administration		**(76.2)**	(63.7)
Operating profit	3	**10.1**	23.7
Finance income		**0.4**	0.4
Finance costs		**(0.5)**	-
Share of loss of associate	10	**(0.4)**	-
Profit before tax	3	**9.6**	24.1
Tax	6	**3.9**	(3.5)
Profit for the year		**13.5**	20.6
Attributable to:			
Owners of the parent Company		**13.3**	20.5
Non-controlling interest		**0.2**	0.1
Profit for the year		**13.5**	20.6
Earnings per share (cents)	7		
Basic		**2.18**	3.35
Diluted		**2.17**	3.35

Consolidated statement of comprehensive income

$ million	Year to 31 December 2015	2014
Profit for the year	**13.5**	20.6
Other comprehensive income		
Items that may subsequently be reclassified to profit or loss:		
Exchange differences on retranslation of foreign operations	**(5.9)**	(4.2)
Items that will not subsequently be reclassified to profit or loss:		
Re-measurement of the net defined benefit pension liability	**(9.2)**	(16.0)
Income tax effect	**1.8**	3.3
	(7.4)	(12.7)
Other comprehensive income	**(13.3)**	(16.9)
Total comprehensive income for the year	**0.2**	3.7
Attributable to:		
Owners of the parent Company	**-**	3.6
Non-controlling interest	**0.2**	0.1
Total comprehensive income for the year	**0.2**	3.7

Consolidated balance sheet

	At 31 December	
$ million	**2015**	2014
Assets		
Non-current assets		
Intangible assets	**251.6**	273.3
Property, plant and equipment	**51.1**	52.2
Trade and other receivables	**4.3**	4.2
Investment in associate	**4.6**	-
Cash on deposit	**0.1**	-
Defined benefit pension plan surplus	**1.2**	0.8
Deferred tax asset	**25.6**	20.5
	338.5	351.0
Current assets		
Inventories	**22.9**	26.5
Trade and other receivables	**128.0**	122.9
Current tax asset	**0.6**	6.7
Cash and cash equivalents	**102.0**	99.8
	253.5	255.9
Total assets	**592.0**	606.9
Liabilities		
Current liabilities		
Trade and other payables	**(123.4)**	(127.2)
Current tax liability	**(0.8)**	(3.9)
Provisions	**(8.9)**	(6.7)
	(133.1)	(137.8)
Non-current liabilities		
Trade and other payables	**(20.2)**	(12.6)
Other financial liabilities	**(2.6)**	(2.7)
Deferred tax liability	**(0.6)**	(2.5)
Defined benefit pension plan deficit	**(21.0)**	(15.3)
Provisions	**(2.4)**	(1.6)
	(46.8)	(34.7)
Total liabilities	**(179.9)**	(172.5)
Net assets	**412.1**	434.4
Capital and reserves		
Share capital	**30.2**	31.8
Share premium account	**29.9**	31.5
Capital redemption reserve	**19.5**	20.6
Other reserves	**6.4**	2.1
Translation reserve	**13.2**	19.1
Retained earnings	**312.6**	329.2
Total equity attributable to owners of the parent Company	**411.8**	434.3
Non-controlling interest	**0.3**	0.1
Total equity	**412.1**	434.4

Consolidated cash flow statement

$ million	Notes	Year to 31 December 2015	2014
Cash flows from operating activities			
Cash flow from operations	9	**57.8**	48.9
Tax received/(paid)		**2.6**	(7.2)
Net cash inflow from operating activities		**60.4**	41.7
Cash flows from investing activities			
Interest received		**0.4**	0.6
Transfer (to)/from long term deposit		**(0.1)**	0.1
Purchase of intangible assets		**(0.9)**	(0.6)
Purchase of property, plant and equipment		**(25.9)**	(32.2)
Proceeds from the sale of property, plant and equipment		**1.3**	1.2
Investment in associate		**(5.0)**	-
Acquisition of subsidiaries and businesses net of cash acquired	11	**(1.7)**	(85.9)
Net cash used in investing activities		**(31.9)**	(116.8)
Cash flows from financing activities			
Dividend paid		**(23.5)**	(22.2)
Employee Share Ownership Trust		**0.1**	-
Share repurchase		**-**	(16.4)
Loan repayment		**-**	(0.1)
Net cash used in financing activities		**(23.4)**	(38.7)
Net increase/(decrease) in cash and cash equivalents		**5.1**	(113.8)
Cash and cash equivalents at the beginning of the year		**99.8**	216.2
Effect of foreign exchange rate changes		**(2.9)**	(2.6)
Cash and cash equivalents at the end of the year		**102.0**	99.8

Consolidated statement of changes in equity

$ million	Share capital	Share premium account	Capital redemption reserve	Other reserves	Translation reserve	Retained earnings	Total	Non-controlling interest	Total equity
	Attributable to owners of the parent Company								
At 1 January 2014	34.4	33.5	21.3	(3.2)	23.3	343.1	452.4	-	452.4
Profit for the year	-	-	-	-	-	20.5	20.5	0.1	20.6
Other comprehensive income	-	-	-	-	(4.2)	(12.7)	(16.9)	-	(16.9)
Total comprehensive income	-	-	-	-	(4.2)	7.8	3.6	0.1	3.7
Share-based payment	-	-	-	-	-	0.7	0.7	-	0.7
Tax charge on share incentives	-	-	-	-	-	(0.1)	(0.1)	-	(0.1)
Share cancellation	(0.5)	-	0.5	-	-	-	-	-	-
Share repurchase	-	-	-	-	-	(15.6)	(15.6)	-	(15.6)
Share buyback obligation	-	-	-	-	-	18.2	18.2	-	18.2
Equity dividends	-	-	-	-	-	(22.2)	(22.2)	-	(22.2)
Other movements	-	-	-	-	-	(2.7)	(2.7)	-	(2.7)
Exchange adjustment	(2.1)	(2.0)	(1.2)	5.3	-	-	-	-	-
At 1 January 2015	**31.8**	**31.5**	**20.6**	**2.1**	**19.1**	**329.2**	**434.3**	**0.1**	**434.4**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**13.3**	**13.3**	**0.2**	**13.5**
Other comprehensive income	**-**	**-**	**-**	**-**	**(5.9)**	**(7.4)**	**(13.3)**	**-**	**(13.3)**
Total comprehensive income	**-**	**-**	**-**	**-**	**(5.9)**	**5.9**	**-**	**0.2**	**0.2**
Share-based payment	**-**	**-**	**-**	**-**	**-**	**0.8**	**0.8**	**-**	**0.8**
Tax charge on share incentives	**-**	**-**	**-**	**-**	**-**	**0.1**	**0.1**	**-**	**0.1**
Employee Share Ownership Trust	**-**	**-**	**-**	**-**	**-**	**0.1**	**0.1**	**-**	**0.1**
Equity dividends	**-**	**-**	**-**	**-**	**-**	**(23.5)**	**(23.5)**	**-**	**(23.5)**
Exchange adjustment	**(1.6)**	**(1.6)**	**(1.1)**	**4.3**	**-**	**-**	**-**	**-**	**-**
At 31 December 2015	**30.2**	**29.9**	**19.5**	**6.4**	**13.2**	**312.6**	**411.8**	**0.3**	**412.1**

Notes to the full year consolidated financial statements

1 Financial information presented

The financial information contained in this document does not constitute the Group's statutory accounts for the year ended 31 December 2015.

As required by the European Union's IAS Regulation and the Companies Act 2006 the Group has prepared its consolidated financial statements for the year to 31 December 2015 in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and issued by the International Accounting Standards Board. The comparative financial information is based on the statutory accounts to 31 December 2014 which have been delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement made under Section 498 of the Companies Act 2006.

The full year announcement was approved by the Board of Directors on 25 February 2016.

The financial information for the year to 31 December 2015 has been extracted from the statutory accounts on which an unqualified audit report, which did not contain a statement under Section 498 of the Companies Act 2006, has been issued. These accounts are yet to be delivered to the Registrar of Companies.

2 Accounting policies

The accounting policies adopted are consistent with those applied in the consolidated financial statements for the year ended 31 December 2014.

New accounting standards
No new standards, amendments to standards and interpretations have been applied by the Group which have resulted in a significant impact on its consolidated results or financial position.

Going concern
At 31 December 2015 the Group had cash balances of $102.0 million and no debt.

The directors have reviewed the detailed financial projections for a period of 12 months from the date of this report and the business plans for the 2017 and 2018 financial years. They have also considered the principal risks and uncertainties that the Group face and its current financial position and are satisfied that the Group has adequate financial resources to continue in operational existence for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, the going concern basis of accounting continues to be used in the preparation of the financial statements.

3 Operating segments

The Group's organisational structure is based on differences in the products and services offered by each segment and information regularly reviewed by the Group's Chief Executive Officer, its Chief Operating Decision Maker, is presented on this basis. The Group's operating segments follow this structure.

The Group's reportable operating segments are Networks & Applications, Wireless & Service Experience and Service Assurance. The Group evaluates segment operating profit before exceptional items, acquisition related costs, acquired intangible asset amortisation and impairment, goodwill impairment and share-based payment. Finance income, finance costs and share of loss of associate are not allocated to the reportable segments. Corporate is not an operating segment and costs are separately reported and not allocated to the reportable segments.

$ million	Networks & Applications	Wireless & Service Experience	Service Assurance	Corporate	Total
2015					
Revenue					
External revenue	**241.9**	**168.7**	**66.5**	**-**	**477.1**
Profit before tax					
Total reportable segment profit/(loss) before exceptional items	**18.4**	**15.5**	**14.0**	**(5.8)**	**42.1**
Exceptional items *note 5*	**(2.6)**	**(9.4)**	**(0.6)**	**0.1**	**(12.5)**
Total reportable segment profit/(loss)	**15.8**	**6.1**	**13.4**	**(5.7)**	**29.6**
Acquisition related costs					**(0.1)**
Acquired intangible asset amortisation					**(14.8)**
Goodwill impairment					**(3.8)**
Share-based payment					**(0.8)**
Operating profit					**10.1**
Finance income					**0.4**
Finance costs					**(0.5)**
Share of loss of associate					**(0.4)**
Profit before tax					**9.6**
Other information					
Product development	**60.7**	**39.2**	**18.4**	**-**	**118.3**
Intangible asset additions	**-**	**0.9**	**2.1**	**-**	**3.0**
Property, plant and equipment additions	**16.5**	**9.3**	**0.7**	**-**	**26.5**
Intangible asset amortisation – other	**-**	**1.1**	**-**	**-**	**1.1**
Depreciation	**10.1**	**13.6**	**1.1**	**0.2**	**25.0**

3 Operating segments continued

$ million	Networks & Applications	Wireless & Service Experience	Service Assurance	Corporate	Total
2014					
Revenue					
External revenue	221.5	178.6	57.1	-	457.2
Profit before tax					
Total reportable segment profit/(loss) before exceptional items	7.6	24.0	20.7	(6.3)	46.0
Exceptional items *note 5*	(2.3)	(0.9)	(0.2)	(0.7)	(4.1)
Total reportable segment profit/(loss)	5.3	23.1	20.5	(7.0)	41.9
Acquisition related costs					(3.8)
Acquired intangible asset amortisation					(12.7)
Impairment of acquired intangible assets					(1.0)
Share-based payment					(0.7)
Operating profit					23.7
Finance income					0.4
Profit before tax					24.1
Other information					
Product development	59.7	43.2	12.5	-	115.4
Intangible asset additions	1.0	30.1	61.5	-	92.6
Property, plant and equipment additions	16.9	12.6	4.2	0.1	33.8
Intangible asset amortisation – other	-	1.3	-	-	1.3
Depreciation	9.7	8.9	0.9	0.2	19.7

There was no inter-segment revenue in any of the above periods.

4 Geographical information

$ million	**2015**	2014
Revenue by market		
Americas	**268.1**	245.0
Asia Pacific	**148.2**	142.5
Europe, Middle East and Africa	**60.8**	69.7
	477.1	457.2

Europe, Middle East and Africa includes United Kingdom revenue of $7.6 million (2014: $11.6 million).

Americas includes United States revenue of $254.9 million (2014: $233.2 million).

Asia Pacific includes China revenue of $82.1 million (2014: $70.9 million).

Revenues are attributed to countries based on customer location.

5 Exceptional items

$ million	**2015**	2014
Expense of cost reduction actions in response to market changes	**12.5**	-
Reorganisation expenses in response to market changes	**-**	4.1
	12.5	4.1

In 2015, as a result of changes in the wireless device test and carrier acceptance market Spirent undertook targeted cost reduction actions in order to protect profitability. The most significant action taken was to outsource engineering services in the Wireless & Service Experience operating segment to provide a more cost effective and flexible resource for the future. The cost reduction actions comprised employee severance of $6.9 million, accelerated amortisation charged on property, plant and equipment of $3.7 million, outsourcing fees of $1.7 million, lease provision on vacant space of $0.5 million and other costs of $0.3 million. Exceptional items charged in 2015 are net of provision releases of $0.6 million from 2014.

In 2014, following dynamic changes in Spirent's markets and the need to ensure the Group was investing in the right areas to maximise its potential, Spirent undertook a series of steps to reallocate resources in its worldwide operations.

The tax effect of exceptional items is a credit of $4.2 million (2014: $1.2 million).

6 Tax

$ million	**2015**	2014
Current income tax		
UK tax	**0.3**	0.1
Foreign tax	**4.8**	3.8
Amounts overprovided in previous years	**(3.8)**	(1.4)
Total current income tax charge	**1.3**	2.5
Deferred tax		
Recognition of deferred tax assets	**(0.7)**	(0.6)
Reversal of temporary differences	**(2.0)**	2.0
Adjustments in respect of prior years	**(2.5)**	(0.4)
Total deferred tax (credit)/charge	**(5.2)**	1.0
Tax (credit)/charge in the income statement	**(3.9)**	3.5

The effective tax rate for 2015 is 25.0 per cent (2014: 22.0 per cent), being the current year tax charge excluding prior year tax, as a percentage of profit before tax.

7 Earnings per share

Basic
Basic earnings per share is calculated by dividing the profit for the year attributable to owners of the parent Company by the weighted average number of Ordinary Shares outstanding during the year.

Diluted
Diluted earnings per share is calculated by dividing the profit for the year attributable to owners of the parent Company by the weighted average number of Ordinary Shares outstanding during the year plus the weighted average number of Ordinary Shares that would be issued on the conversion of all dilutive potential Ordinary Shares into Ordinary Shares.

$ million	**2015**	2014
Profit for the year attributable to owners of the parent Company	**13.3**	20.5

Number million		
Weighted average number of shares in issue – basic	**610.5**	611.2
Dilutive potential of employee share incentives	**1.7**	1.5
Weighted average number of shares in issue – diluted	**612.2**	612.7

Cents		
Earnings per share		
Basic	**2.18**	3.35
Diluted	**2.17**	3.35

Adjusted
The Group is disclosing adjusted earnings per share for continuing operations attributable to owners of the parent Company in order to provide a measure to enable period-on-period comparisons to be made of its performance. The following items are excluded from adjusted earnings:

- Exceptional items
- Acquisition related costs
- Acquired intangible asset amortisation and impairment
- Goodwill impairment
- Share-based payment
- Tax effect on the above items
- Prior year tax

A reconciliation is provided below:

	2015		2014	
	$ million	**EPS cents**	$ million	EPS cents
Profit for the year attributable to owners of the parent Company	**13.3**	**2.18**	20.5	3.35
Exceptional items *note 5*	**12.5**		4.1	
Acquisition related costs	**0.1**		3.8	
Acquired intangible asset amortisation and impairment	**14.8**		13.7	
Goodwill impairment	**3.8**		-	
Share-based payment	**0.8**		0.7	
Tax effect on the above items	**(8.5)**		(5.4)	
Prior year tax credit *note 6*	**(6.3)**		(1.8)	
Adjusted basic	**30.5**	**5.00**	35.6	5.82
Adjusted diluted		**4.98**		5.81

8 Dividends paid and proposed

$ million	2015	2014
Declared and paid in the year		
Equity dividend on Ordinary Shares		
Final dividend paid for the year ended 31 December 2014 of 2.21 cents per Ordinary Share (31 December 2013: 2.01 cents)	**13.4**	12.3
Interim dividend 2015 1.68 cents per Ordinary Share (2014: 1.68 cents)	**10.1**	9.9
	23.5	22.2
Proposed for approval at AGM (not recognised as a liability at 31 December)		
Equity dividend on Ordinary Shares		
Final dividend 2015 2.21 cents per Ordinary Share (2014: 2.21 cents)	**13.4**	13.4

The directors are proposing a final dividend in respect of the financial year ended 31 December 2015 of 2.21 cents per share (2014: 2.21 cents), which will absorb an estimated $13.4 million of shareholders' funds (2014: $13.4 million). It will be paid on 6 May 2016 to Ordinary shareholders who are on the Register of Members at close of business on 4 March 2016. Payment will be made to ADR holders on 16 May 2016. No liability is recorded in the financial statements in respect of this final dividend.

Dividends are determined in US dollars and paid in sterling at the exchange rate prevailing when the dividend is proposed. The exchange rate used for determining the amount of the final dividend to be paid was $1.39:£1.

9 Reconciliation of profit before tax to cash generated from operations

$ million	2015	2014
Profit before tax	**9.6**	24.1
Adjustments for:		
Finance income	**(0.4)**	(0.4)
Finance costs	**0.5**	-
Share of loss of associate	**0.4**	-
Intangible asset amortisation and impairment	**15.9**	15.0
Goodwill impairment	**3.8**	-
Depreciation of property, plant and equipment	**25.0**	19.7
Loss on the disposal of property, plant and equipment	**0.8**	-
Share-based payment	**0.8**	0.7
Changes in working capital:		
Deferred income received	**1.8**	2.7
Increase in receivables	**(7.9)**	(17.0)
Decrease in inventories	**3.4**	4.7
Increase in payables	**4.8**	2.9
Increase in provisions	**2.6**	0.4
Defined benefit pension plan	**(3.3)**	(3.9)
Cash flow from operations	**57.8**	48.9

10 Investment in associate

The Group made a $5.0 million investment on 7 October 2015 to acquire a 28 per cent stake in Jolata, Inc. (“Jolata”), a pre-revenue company based in San Jose, California, which aims to develop a market leadership position in network visibility for latency management.

Jolata is considered an associate as the Group has significant influence but not control over the entity.

Spirent’s share of the post-acquisition results of Jolata for 2015 amounted to a loss of $0.4 million (2014: nil).

The carrying amount for the Group’s investment in Jolata in the consolidated financial statements is $4.6 million (2014: nil).

11 Business combinations

On 16 November 2015, Spirent completed the acquisition of 100 per cent of the share capital of Epitiro Group Limited, a company based in Cardiff, for a cash consideration of $1.7 million. Contingent consideration is payable based on future bookings during the 12 month period following acquisition and also on the completion of certain product development targets. The fair value of the contingent consideration has been estimated at $0.3 million as at 31 December 2015 of which $0.1 million was paid in January 2016 on completion of the product development milestones. Epitiro develop and deliver active testing solutions to the world's leading internet service providers, carriers and enterprises. Epitiro is reported within the Group's Service Assurance division.

The carrier Wi-Fi market has strong growth enabled by technology innovation and strong customer demands. The recent growth has been largely driven by an explosion in demand from mobile operators using Wi-Fi to augment their 3G and 4G deployment and offload a portion of mobile data traffic to unlicensed spectrum. The acquisition of Epitiro will enable Spirent to fill a critical niche in our end-to-end service assurance strategy and better position our TestCenter Live product family.

From the date of acquisition to 31 December 2015, Epitiro contributed nil revenue and $0.2 million of loss before tax to the results of the Group before charging $0.1 million of acquisition related costs. If the combination had occurred at the beginning of the financial year revenue of $0.9 million and a loss before tax of $0.5 million would have been included in the Group result before charging $0.1 million of acquired intangible asset amortisation and $0.1 million of acquisition related costs.

$ million	Epitiro
Net assets acquired:	
Intangible fixed assets	**0.8**
Trade and other receivables	**0.1**
Trade and other payables	**(0.2)**
Total identifiable net assets	**0.7**
Goodwill	**1.3**
	2.0
Consideration:	
Initial cash consideration	**1.7**
Deferred consideration accrued	**0.3**
	2.0

The intangible assets acquired represent software technology, customer list and brands and these have been assigned provisional lives of between five to six years.

11 Business combinations continued

Acquisition related costs were $0.1 million and these have been expensed to administration costs.

The following acquisitions were completed in 2014.
- The assets of DAX Technologies Corp. were acquired for a cash consideration of $36.9 million on 19 February 2014.
- 58 per cent of the ordinary share capital of Testing Technologies IST GmbH was acquired for a cash consideration of Euro 1.8 million ($2.4 million) on 20 February 2014.
- The assets of Radvision's Technology Business Unit were acquired for a cash consideration of $25.9 million on 31 July 2014.
- 100 per cent of the share capital of Mobilethink A/S and its wholly owned subsidiary, Tweakker ApS, were acquired for a cash consideration of $20.1 million on 12 September 2014.
- The net assets of NetGend LLC were acquired for a cash consideration of $1.0 million on 15 September 2014.

Acquisition related costs expensed to administration costs in 2014 were $3.8 million.